

UW Property Acquisition (Adjacent to North Service Center)

Date of this Brief	June 24, 2010		
Supersedes	June 14, 2010		
Key Contacts		Phone	Short Title
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Council Action Required?	Y	If YES, within the next 3 months?	Y
Presenters (if applicable)	Cheryl Crawford, Director, Utility Support Services Division Dave Barber, Manager Real Estate Services		

Summary Statement

This legislation authorizes Seattle City Light to seize a unique opportunity to purchase two parcels of land adjacent to the North Service Center, from the University of Washington. This legislation amends the 2010 Adopted Budget and Capital Improvement Program, and defers two other capital projects to fund this purchase.

Background

City Light's North Service Center is badly overcrowded and cannot be expanded to the north, south, or east due to the presence of residential neighborhoods. The only option for eventual expansion are the parcels to the west. Fortunately, the University of Washington has offered two of these parcels for sale to a limited number of prospective purchasers, including City Light, before putting them up for sale on the open market. City Light wishes to seize this unique opportunity and purchase this property on a willing seller basis.

City Light obtained an appraisal and review appraisal which informed its offer to the University. City Light offered the University of Washington \$2,905,000 to purchase this property, subject to approval by the Seattle City Council. The University has accepted City Light's offer, subject to approval by the University's Board of Regents. UW's Board of Regents voted to approve this acquisition on May 13, 2010.

City Light's plans for use of this property are to tear down the older south warehouse to provide additional yard space; to move work units not requiring loading dock and warehouse adjacency from the main North Service Center (NSC) campus into the newly acquired property;

and to move work units which would benefit from warehouse and loading dock adjacency into the main NSC campus. City Light is requesting appropriations of \$550,000 in 2011, and \$1,123,000 in 2012, to support this buildout. Portions of two CIP projects, Transmission Reliability (7104) and North Substation Transformer Replacements (7777) will be deferred to pay for this project.

The University of Washington plans to sell this property to other parties if it is not purchased by City Light. It is therefore important for City Light to seize this opportunity while the property is available and there is a willing seller. If acquisition of the property were deferred to a time with less budget shortfall; significant cost increases would be likely. Real estate prices are currently low, and City Light believes that the agreed upon price for this improved property is close to raw land values. If City Light were to purchase this property at a later date, it would likely be in private ownership (as opposed to the current public ownership), and the price could be much higher. Moreover, the City might need to use its powers of eminent domain, and would likely incur relocation costs in addition to the purchase price.

Key Issues

City Light has obtained a Phase I Environmental Assessment and determined that environmental risks are acceptable. An ALTA survey has been performed to obtain extended title insurance. City Light has advised the Licton Springs Community Council and the Aurora Merchants Association and offered to meet with them to discuss this proposed acquisition.

Next Steps

The sale of this property has been approved by the University of Washington's Board of Regents. If approved by the City Council, City Light will execute the Real Estate Purchase and Sale Agreement. The purchase should be closed within 60 days after signing of the PSA.

SCL has submitted a BIP for the 2011 and 2012 budget which includes funding for improvements. This funding needs to be approved in order to move forward with the planned improvements and uses.